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Challenges to Academic Marketing: Toward the Next Decade

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At the turn of the century and millennium, the Marketing Science Institute and the American Marketing Association undertook in a conference and a special issue of the *Journal of Marketing* to examine what were seen as fundamental issues and directions for marketing in the dawning millennium. A series of competitively commissioned papers addressed such questions as: How do customers and consumers really behave? How do markets function and evolve? How do firms relate to their markets? And what are the contributions of marketing to organizational performance and societal welfare? These questions were thought to best satisfy the criteria of differentiation, durability, specificity, and relevance as this look ahead was taken.

Five themes were seen at the time as emerging that would be expected to be particularly salient to the future evolution and development of marketing. These themes, elaborated upon in Day and Montgomery (1999), relate to : 1) the connected knowledge economy, 2) the globalizing, converging, and consolidating of industries, 3) fragmenting and frictionless markets, 4) demanding customers and consumers and their empowered behavior, and 5) adaptive organizations exhibiting more interactive and less broadcast strategies, more simultaneous collaboration and competition, driven more by facts than conjecture.

The new directions for markets and marketing were seen as posing at least three challenges (and opportunities) to academic marketing. Academic marketing was seen as being challenged: 1) to cross boundaries between the academy and management, between functions, across disciplines, across cultures, and in relation to society as a whole 2) to provide meaningful measures, inferences, and calibration to managers, students and faculty alike, and 3) to rethink the role of theory. These challenges remain relevant in 2003 as we look ahead ten years to 2013. The remainder of this discussion will focus upon these and related challenges to academic marketing and to reflect on the likely consequences of not successfully dealing with these challenges.

Cross Boundaries and Interfaces

Perhaps the most important interface or boundary for an applied discipline such as marketing is that between the academy and managers. If academic marketers only pursue esoteric research and make no effort to communicate to a broader audience, they will increasingly be seen as irrelevant to the customers of their output of students. Since students and the transmission of knowledge is a coequal role for academic marketing with the creation of new knowledge, this is an issue which academic marketers ignore to their long term peril. Administrators and tenure committees must seek a better balance of these sometime conflicting goals.

Interfunctional interfaces (e.g. between marketing and operations, marketing and R&D, marketing and finance, etc) represent fault zones within corporations which present daunting management challenges. This seems only likely to increase as we move further into the new millennium. (Montgomery and Webster, 1997) And yet the history of academic marketing has been one of increasingly specialized subareas which rarely, if ever, talk to or communicate with one another, let alone with other functional areas. The requirements of publication and tenure have fostered this intrafunctional isolation and most academic marketing areas tend to be organized and recruit faculty along these lines. Thus most business schools are wretchedly organized to address this very real and unmet management need. Marketing should seek to encourage and reward developments that make progress toward this goal. The structure of academe suggests this will probably need to be achieved by tenured, more senior academics (who have probably forgotten how to differentiate and integrate anyway).

In considering the advantages of cross disciplinary research and teaching, one should be mindful of the brilliant flowering of research and insight which resulted from the joining of economics and political science in Cyert and March's *Behavioral Theory of the Firm (1992).* Marketing academics should be encouraged to contribute back to their disciplinary base.

In our rapidly globalizing and shrinking world, cross cultural research and understanding will be increasingly important to managers and researchers alike. Managers will be required to demonstrate international experience in order to become eligible for senior management positions. On the research front, it is useful to reflect upon behavioral decision theory. At the turn of the millennium, most of the empirical knowledge relating to issues in behavioral decision theory was the result of data from US and Israeli subjects (often students). As we look to the next ten years, it is important to ascertain whether or not the results (e.g. risk seeking in loss, risk aversion in gain) apply as well to people from cultures such as the Confucian based ones in Asia. If they do, then we may be more sanguine about extrapolating our results. If not, then new areas for research and understanding open up as we seek to understand how, why, and to what extent they are different.

Society must also play an important role in marketing's evolution (and for management in general). Dysfunctional marketing tactics, such as spam and much telemarketing, are going to be less acceptable to most societies. In the wake of the Enron and Worldcom scandals, the crass and utterly dishonest behavior of many financial analysts and financial institutions, and the ineffectiveness of boards of directors will lead to restrictive reregulation unless dealt with swiftly and effectively. Ethics will need to play a bigger role in the agenda of academic marketing. There is some hope in early work reported in 2003 about MBA's being willing to give up a portion of their anticipated income in order to work for companies with better social responsibility records (Montgomery and Ramus, 2003).

Measures, Inferences, and Calibration

For a span of six years just prior to and just after the turn of the millennium, the Marketing Science Institute Trustees have announced Marketing Metrics as the first or second most important research priority. Both the academic and the managerial communities need more rigorous and valid (and validated) metrics for such fundamental concepts as brand equity, brand loyalty, long term customer value, competitor response, etc. Progress on the issue of more valid metrics should support both improved academic research and help put marketing managers on a more equal footing with other functions which are perceived to have more rigorous metrics when strategy debates and decision making take place. An important consideration in developing metrics is the extent to which such metrics might be global in geography and market context versus the extent to which they should be localized.

The data tsunami in marketing threatens to drown many managers. Marketing academics have and should play a vital role in developing methods to analyze and sift through this data flood. It would be particularly helpful if marketing academics could begin to develop norms and benchmarking relationships to guide practicing managers.

Meta analysis (Farley and Lehmann 1986) seems likely to play an increasing role in developing knowledge beyond the specifics of individual studies. But before meta analysis can realize its potential, broader sets of data (e.g. different products, geography, channels, etc.) need to become available and submitted to analysis. This is a major area where marketing management and academic marketing can help each other, the former providing data access while the later develop the tools, technologies, and results upon which broader inferences of interest to both managers and academic marketers may rest.

Editors and reviewers should undertake to ensure that accumulating results may be useful for future meta analyses by ensuring that more complete reporting of empirical results is required in the marketing journals. Thus, journals should require that estimated standard errors of estimated parameters be included in every article, rather than the current inconsistent practice which often allows the use of threshold levels of statistical significance rather than reporting the estimated standard errors. This practice would enable future meta analyses to correct for the inherent heteroscedasticity problems of many meta models and which pose a threat to valid meta analysis inferences (Montgomery and Srinivasan, 1994).

By calibration is meant estimation that sheds light on the absolute or relative impact of different marketing phenomena, not just their statistical presence or absence, or their moderating effects. Learning may be greatly enhanced by the provision of results which suggest the substantiality of results and the relative effects of different marketing activities. This in no way means that the development and testing of hypotheses including moderating effects is unimportant. Rather, it reflects a need to go beyond the simple, but important testing of null hypotheses relating to marketing activities.

Perhaps a few examples will make this more clear. It has often been asserted that US managers have shorter time horizons than Japanese managers. Akio Morita, late chairman of Sony, was quoted as saying that the Americans have a ten minute horizon while the Japanese have a ten year horizon. The author, in unpublished research, found that, at least with respect to strategic alliances, Americans did indeed have a shorter horizon than did Japanese managers. So the phenomenon appears to be true, at least in this case. In addition, the difference was calibrated to be on the order of twenty percent, so it was substantively non trivial. However, note that this calibrated and more realistic assessment of the differences are a far cry from the exaggerated claims of Morita. That is, the difference is definitely not overwhelming. Calibration can thus help to provide a balanced perspective on asserted phenomena in marketing and management. Consider another example: Would MBA's be willing to sacrifice anticipated income in order to work for a company known for caring about its employees? If so, how much? The answers to these questions provide insight into how worthwhile it might be to companies entering the MBA hiring market to have and to emphasize such a caring reputation. Montgomery and Ramus (2003) provide a preliminary calibration of this as an average willingness to forego just over eight percent of anticipate average earnings of $ 115, 000. The authors found this surprisingly high (and very encouraging).

Absent appropriate calibration, managers may make serious misallocations of marketing resources and academics may miss the opportunity to utilize such results in the formulation of the next generation of theory. In the case of a US pharmaceutical company operating in Canada, the managers had been allocating their market communication budget in the following ratios: journal advertising = 1.21, samples and literature = 1.36, and direct mail = 1.63 (Montgomery and Silk, 1972). So they had been spending nearly one third more on direct mail than on journal advertising. Interestingly, when results for the corresponding five year period were analyzed, it was found that the market was much more responsive to journal advertising in the month of expenditure, in the quarter of expenditure, and in the long run. In fact, the market was calibrated to be much more responsive to samples and literature as well. So, absent the market calibration, the managers had cleverly managed to allocate their market communication budget precisely in inverse relation to calibrated market response. But on further reflection, it was concluded that the problem was a lack of systematic calibrated market feedback which misdirected the managers' allocations, not incompetence. Absent a calibrated factual basis to assess the impact of the advertising, the managers found it easier to allocate budget to direct mail (which generates a tangible response) and samples and literature (which are left with the doctors by detail persons). In the latter case, the product managers who make the budget decisions have all been field representatives who have "observed" samples and literature work. Absent evidence, the impact of advertising was seen more as hope.

Role of Theory

Just a cautionary note here. Beware of tyranny of theory and/or methods. Over forty years as a practicing academic marketer has taught me that current wisdom relating to both theory and method will change. If this seems obvious, then explain why some philosophical, theoretical, and methodological commitments seem to border on the religious. Rather, let me appeal for a more open and eclectic approach in marketing journals.

The Professional Process

Have you ever had an editor tell you to ignore a particular reviewer (or particular comments)? Have you ever been instructed to explain why your results are different from some earlier empirical work? Or else? Isn't this latter the source of first mover advantage in publication? Does that really contribute long term to the accumulation of knowledge?

When I was Executive Director of the Marketing Science Institute (1995 –1997) one of the biggest complaints we received from our industry trustees was why we waste so much time and space on the "literature review". They saw it both as a waste of time and paper and as an impediment to obtaining value from a piece of research, largely because they often stopped reading before the endless literature review and citations were completed.

I fear for our field in that I believe that the literature reviews have become burdensome and overbearing as has the tendency to over citation. Why on earth should our journals be filled with page after page of references. Ask yourself the motivation of many authors in developing citations. Would it be too cynical to suggest that the calculus of citations is often driven by wanting to cite everyone who might be asked to review a paper? And now that journals are being automatically scored on internal and external citations, the journals themselves would seem to have a perverse incentive to play the citation game. There was a point in time, perhaps, when the citations might have been seen as an unobtrusive measure. But I would argue that time is long past.

When we edited the special millennium issue of *Journal of Marketing* George Day and I stipulated that we would publish no more than 42 references (what we calculated would fit on two manuscript pages). Authors were given permission to have additional citations, under the following proviso: 42 citations would be included in the published reference list, and any additional references should be noted with an asterisk in the text. The asterisked citations were made available at www.ama.org/pubs/jm and at www.msi.org. To the best of my knowledge there have been few, if any hits. There is a message there.

Conclusion

Marketing must simultaneously pursue relevance and rigor. Relevance, because as an applied discipline, we will lose the support of industry and society unless we have something useful to say. Then we'd all have to find "real " jobs. Rigor, because we want to be able to provide believable results which managers and society would do well to heed. We have our work cut out for us. It's important to me because this is undoubtedly my last decade of active participation.

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